

DEPUTY UNDER SECRETARY OF STATE
FOR MANAGEMENT

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July 22, 1974

MEMORANDUM

To: T - Mr. Maw
C - Mr. Sonnenfeldt
S/P - Mr. Lord
INR - Mr. Hyland
S/AJ - Ambassador Johnson
PM - Mr. Vest
S/S - Mr. Springsteen

Subject: Study on "The Adequacy of Current Organization
for Security Policy (Defense and Arms Control)"
for The Commission on the Organization of the
Government for the Conduct of Foreign Policy

Introduction and General Background

Under contract from the Commission on the Organization of the Government for the Conduct of Foreign Policy, Professor Graham T. Allison, of Harvard University, is leading a major study on the adequacy of current organization for the conduct of policy in the Defense and Arms Control Area. He will be assisted by a number of other scholars, listed below. The objectives of the project also include assessing performance, and developing specific changes in the current organizational arrangements that would provide a more effective system for the formulation and implementation of foreign policy with respect to defense and arms control matters. The results of this study, together with a number of others also being undertaken for the Commission, will be used to provide background for the Commission's recommendations.

Timing and Format

This topic will be pursued through a number of individual case studies of specific decisions and projects, conducted by associates of Professor Allison. While a complete list of individuals and topics has not been set, it will include the following, with additional researchers and topics to be added later:

A. "The Making of Defense Budgets." Professor John P. Crecine, with others possibly to be added.

B. Weapons Acquisition.

1. "The Size and Mix of U.S. Strategic Forces in the 1960's." Professor Allison (has full clearance from DOD to TS), and Frederic A. Morris.

2. "MIRV." Allison, and possibly one other to be added.

3. "ABM." Morris, and possibly one other.

4. "Trident." John Steinbruner (has full clearance from DOD to TS).

Note: Cases in this category seem least likely to require State Department consultation, but some may be desirable. One or two additional cases may also be added.

C. Formulating Strategic Doctrine: "Nuclear Options." Professor Henry S. Rowen, Stanford Business School (has full clearance from DOD through TS).

D. Managing Alliances

1. "Troops and Costs: Offset Agreements, 1966, 1967, 1969." Gregory F. Treverton.

2. "The Production of Weapons Jointly (Skybolt)." Richard Neustadt (has full clearance through TS from DOD), Jay Philip Urwitz.

3. "The Production of Weapons Jointly (MLF)." Neustadt and Steinbruner.

4. "Base Agreements: Okinawa, 1967, 1969." Investigator to be added.

5. "Security Assistance (Aid and Sales): Taiwan." Henry B. Miller

6. "Commitments and Expectations." Thailand 1961, 1970." Earnest May (has full clearance from DOD through TS).

E. "Establishing Arms Control Positions: SALT."

1. "SALT: 1968, 1969-72, 1972-74." Burton E. Rosenthal.
2. "CBW: 1967, 1969." Investigator to be added.

F. Others.

1. "Reorganizing Decision Making: Strengthening Unified Commands." Investigator to be added.
2. Several other cases to be added later.

While this project will focus most intensively on units of the government other than the Department of State, it is nevertheless likely that a number of the investigators will desire to conduct interviews with officers of the Department. A name check has been completed by the Office of Security for researchers listed on the basis of which they may consult documents within the State Department and discuss matters through SECRET, on a not for attribution or citation basis. Certain researchers already possessing full clearances through TOP SECRET are so indicated.

Contacts

General information on the project and the Commission can be obtained from Peter L. Szanton, Research Director, or William I. Bacchus, Associate Research Director, both at 254-9850. John Treat of the Commission Staff is acting as local coordinator for the research project and will be largely responsible for making necessary arrangements. He can also be reached at 254-9850.

William J. Galloway
William J. Galloway
Executive Assistant

TO :

FROM :

SUBJECT: Study on "The Adequacy of Current Organization:
Interaction of U.S. and Foreign Economies,"
undertaken for the Commission on the Organization
of the Government for the Conduct of Foreign Policy

Introduction and General Description

The Commission on the Organization of the Government for the Conduct of Foreign Policy has contracted with Mr. Edward K. Hamilton, President, Griffenhagen-Kroeger, Inc., public management consultants, to lead a major study on the adequacy of current organization for the conduct of policy in the Economic area. Mr. Hamilton will be assisted by a number of consultants, all employees of Griffenhagen-Kroeger, as listed below. The objectives of the project also include assessing performance, and developing specific changes in the current organizational arrangements that would provide a more effective system for the formulation and implementation of foreign policy with respect to economic matters. The results of this study, together with a number of others also being undertaken for the Commission, will be used to provide background for the Commission's recommendations.

Timing and Format

This topic will be pursued through a number of individual case studies of specific decisions and projects, conducted by

associates of Mr. Hamilton. The current list of topics
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and researchers is as follows:

1. The decision to terminate AID development lending to India (1971), Joan Hochman.
2. The suspension of AID's "additionality" rule (1969), William Seelbach.
3. The dollar devaluations of 1971 and 1973, Elizabeth Stabler.
4. One decision dealing with the effort to enter into trade with the Soviet Union, possibly the 1967 proposal for an East-West trade bill, Edward Skloot.
5. The imposition of import quotas on Canadian oil, (1970), Katheryn Voight.
6. The suspension of all import quotas on oil (1973), Katheryn Voight and Linda S. Graebner.
7. Two key decisions dealing with international monetary reform: (a) the decision to favor the creation of a man-made reserve assist (1965); and (b) the announcement of post SDR-U.S. objectives (1972).
8. The development of the U.S. position during the textile dispute with Japan (1970-'71), Peter Henschel.

9. The evolving role of the President's Special Trade Representative. Anne Rightor-Thornton.
10. Two domestic tax decisions with substantial implications for foreign economic policy;
 - (a) President Johnson's decision not to propose a tax increase in 1966; and
 - (b) President Nixon's decision to announce "new economic policy" in 1971.

Matthew Golden.

While this project will focus most intensively on units of the government other than the Department of State, it is nevertheless likely that a number of investigators will desire to conduct interviews with officers of the Department. A name check has been completed by the Office of Secretary for the researchers listed, on the basis of which they may consult documents within the State Department and discuss matters through SECRET, on a not for attribution or citation basis.

Contacts:

General information on the project and the Commission can be obtained from Peter L. Szanton, Research Director, or William I. Bacchus, Associate Research Director, both at 254-9850. Elizabeth Stabler, of this project's staff, is acting as local coordinator for the research project and can be reached at 232-3236.

May 23, 1974

Title of Proposed Study: Minimizing "Irrationality"
in Foreign Policy-making

Introduction

Alexander L. George proposes to undertake for the Commission on the Organization of the Government for the Conduct of Foreign Policy a study on minimizing "irrationality" in foreign policy making.

I. Objectives

The proposed study will follow closely the general purpose and scope of Study II.C, "Minimizing Irrationality," which was briefly described on page 13 of "The Commission's Studies Program" (3/21/74). To this end four interrelated objectives are set forth for the proposed study, as follows:

A. Identify and Differentiate Sources of "Irrationality"

"Irrationality" is a term loosely applied to a variety of quite different behavioral phenomena. The proposed study will avoid a narrow psychiatric approach to this problem. Instead, it will draw more broadly upon relevant work in political, behavioral, and psychological sciences in order to identify the variety of situational factors and behavioral patterns that can interfere with optimal procedures of search, evaluation, and choice in policy-making.

Impediments to "rationality" in policy-making can emerge (a) from certain dynamics of individual behavior; (b) from dynamics of small group behavior that affect the performance of policy-making tasks by advisers and staff personnel; and (c) from organizational and bureaucratic behavior in complex organizations such as the Executive Branch. Impediments to rationality often arise from these three sources during the course of efforts to cope with stressful experiences encountered in decision-making and policy implementation.

The study will draw together in a detailed, systematic way available knowledge regarding the variety of maladaptive ways with which individuals, small groups, and organizations often attempt to cope with different kinds of stress. The following sources of maladaptive adjustments to stress will be examined:

- (1) Maladaptive responses to "cognitive stress" and "value stress" generated by the intellectual difficulty of dealing with the well-known limits on the ability to evaluate the expected consequences of policy alternatives in order to decide which course of action is "best";
- (2) Maladaptive ways of coping with stress generated in international crises and when making fundamental foreign policy choices in non-crisis situations by the perception of major threats to important national (and personal) values;
- (3) Maladaptive adjustments to stress generated by organizational and role conflicts experienced by individuals occupying key points in the policy-making system;
- (4) Maladaptive ways of coping with the psychological and physiological effects of fatigue;
- (5) Maladaptive responses to "secrecy" on the part of those who do and do not have access to highly classified information (including the related question of the adverse impact differential access can have on the working relationships of those participating in the policy-making system).

B. Impact on Policy-making Tasks

While knowledge of the sources of possible impediments to rational policy-making is of some value, it cannot easily be utilized to prevent the occurrence of potentially disruptive individual, small group, or organizational dynamics. Rather, the emphasis must be on neutralizing, or compensating for, the adverse impact various sources of "irrationality" can have upon policy-making. Accordingly, the proposed study will attempt to indicate in some detail how different kinds of impediments to "rationality" manifest themselves at what points in the search for effective policies and their implementation.

The study will draw together available knowledge of this kind with the expectation (1) that it will serve to sensitize participants in policy-making to the problem, thereby improving their ability to recognize in a timely fashion the intrusion of disruptive factors on policy-making tasks, and (2) that it will help those who specialize in developing and managing policy-making

systems to devise strategies for timely and appropriate "interventions" to prevent such factors from having a damaging effect on the search for effective policies and decisions.

C. Implications for Monitoring and Managing the Policy-making Process

Having identified the types of "malfunctions" a policy-making system can suffer via intrusion of different kinds of "irrationalities" the study will indicate ways in which the tendencies toward such intrusions might be countered. Such recommendations will emphasize means of monitoring the policy-making process in order to obtain timely identification of emergent malfunctions and to undertake appropriate corrective or countervailing actions. These critical role tasks must be infused into the definition of roles to be performed by certain participants in the policy-making system.

Thus the study will focus most closely on minimization of "irrationality" through close monitoring and effective management of the day-to-day workings of the policy-making system. This is in sharp contrast to the traditional practice of relying upon periodical structural reorganization of the policy-making system whenever sufficient dissatisfaction with its performance has accumulated. The recommendation of certain structural changes is not precluded, however.

D. Variation in Executive Operating Styles

The study will take into account that each executive is likely to have a somewhat different notion as to the kind of policy-making system and procedures he wishes to create around himself, feels comfortable with, and can utilize. This observation has become part of the conventional wisdom in recent years, but its full implications for the design and management of policy-making systems remains to be determined. This objective is of importance not only for Study II.C but possibly in other studies undertaken by the Commission as well.

It is questionable wisdom to try (as specialists in organization and public administration have advocated in the past) to impose a single standardized model of policy-making on each executive. The proposed study, it will be noted, is entirely consistent in this respect with the observation on page 4 of the Commission's Studies Program to the effect that organizations "should be designed to fit the operating styles of their key individuals, and not vice versa."

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Accordingly, the proposed study will move in the direction of developing somewhat different models of policy-making that are appropriate to the distinctive management "styles" of different executives.

II. Methodology/Approach

A large body of relevant empirical and theoretical work in political, behavioral, and psychological sciences will be screened and evaluated from the standpoint of the objectives of the study. Several detailed appraisals of this kind have been made in recent years by the principal investigator and other scholars. The proposed study will draw upon them and supplement with additional library research and consultation with specialists in these several fields in order to expedite the search for relevant up-to-date high quality material.

Where appropriate and feasible -- and in consultation with the Commission's research director -- the principal investigator will arrange to interview current and former foreign policy officials in order to obtain additional information and judgment bearing on the objectives of the study.

The principal investigator plans to draw into the study the contribution of a number of part-time consultants. A preliminary conference will be held in mid-June with some six specialists to help plan the study in more detail.

The principal investigator will be responsible for requesting specific inputs to the study from consultants and for integrating them into the final report.

III. Personnel

A relatively large number of specialists will be contacted during the course of the study. Some will be asked for specific inputs on a consulting basis. Decisions on this will be made after the planning conference, and will depend of course on how much time the persons in question have available, what they are interested in doing, how well it will contribute to the objectives of the study. Among those who have indicated interest in attending the mid-June planning conference and who have some available time for possible consulting during the summer are Charles Hermann, Ole Holsti, Robert Jervis, Richard Smoke, and John Steinbruner.

In addition, Graham Allison and Irving Janis (?) -- both currently at the Center for Advanced Study in the Behavioral Sciences at Stanford -- will sit in on at least part of the planning conference. Other specialists who will be contacted include Thomas Schelling, Lincoln Bloomfield, Doris Kearns, David Hamburg, Chris Argyris, Eugene Webb, James March, Richard T. Johnson.

IV. Administrative Arrangements

Alexander L. George will direct the study and will be the principal investigator. He will work virtually full time on the study from mid-June to the end of September, and one or two days a week as necessary thereafter until completion of the final report towards the end of December.

The contract will be administered by Stanford University.

V. Finished Product

The final report will reflect the objectives of the study and discuss the relevant materials and findings in considerable detail. The report will include a general statement of conclusions and recommendations of approximately 10-20 pages. The report as a whole can be expected to be well over 100 pages.

VI. Schedule

- a. Final project outline -- July 15
- b. detailed progress report -- August 15
- c. a substantial review draft -- October 15
- d. final report -- December 20.

[This schedule is tentative and permits of some adjustments.]

VII. Budget

4/16/74

COG/FP D3a

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Summary

RESEARCH PROGRAM

Phase I Studies

The Utility and Limits of an Organizational Approach: Given that organizational patterns necessarily vary with differing key personalities and differing policy concerns, what kinds and degrees of organizational change can the Commission propose in the absence of knowledge about either future U.S. political leadership or of the dominant policy concerns of the near future?

The Problems Commonly Cited: What are the major criticisms commonly made about the conduct of foreign policy, in particular substantive areas (e.g., economic, cultural); functions (planning, implementation, etc.), resources (budgets, personnel); and other categories?

The Future Environment: What are the major alternative future environments which current developments may foreshadow, in which U.S. foreign policy will operate over the next decade; what policy problems may prove paramount, and what functions, resources, and organizational arrangements may be most severely taxed in such circumstances?

Lessons of Prior Studies: What have been the issues addressed, the recommendations made, and the factors which have determined the impact and degree of success of each of the major studies of foreign affairs organization since 1945?

Characteristics of an Effective Foreign Policy System: What characteristics should any effective system for the conduct of the nation's foreign policy possess?

Alternative Models of Organization: What alternative patterns of both Executive and Legislative Branch organization for the conduct of foreign policy seem plausible, and what are the likely relationships between various combinations of Executive and Congressional models?

Comparable Patterns of Other Governments: What aspects of organization for the conduct of foreign policy in other nations can provide lessons applicable to U.S. conditions? (This study will be selective in the features of the practice of other countries which it examines.)

Phase II Studies

The Effectiveness of Organizational Change: What makes organizational change effective in meeting intended purposes, as suggested by examination of a number of prior attempts at such change in the foreign affairs area of the U.S. Government?

Adequacy of Current Organization: How effective has current organization for policymaking been in recent administrations as suggested by a review of a large number of recent decisions and actions in each of the following areas:

1. The Interaction of U.S. and Foreign Economies: How well does the U.S. Government succeed in conducting policy which reflects both domestic necessities and the realities of the international economic system?
2. National Security Issues: How well do we balance foreign policy implications, economic and budgetary impact, and national security requirements, in decisionmaking on defense-related topics?
3. Coordination in Complex Settings: How adequate are current U.S. Government organizational forms to insure coordination where many activities of high importance are conducted simultaneously? (South Asia has been tentatively selected as the geographic focus for this study.)
4. Multilateral and Global Issues: How well organized is the U.S. Government to develop and conduct policy dealing with that group of increasingly prominent issues which tend to be global in nature, contain both domestic and international implications, cross traditional jurisdictional lines, and involve important technical components (e.g., multinational corporations, seabed policy, environment, population, food)?

Toward Greater Rationality: What organizational steps can be taken to minimize vulnerability of officials to political, bureaucratic, organizational, physiological, and psychological pressures in both crisis and routine situations?

Conduct of Routine Relations: How adequate are current organizational arrangements to manage continuing and reasonably routine relations, which nevertheless can substantially shape U.S. foreign relations? (Latin America has been tentatively selected as a geographic focus for this study.)

Resources for Foreign Affairs: How well is the government organized for identifying and providing the resources needed to carry out the nation's foreign policy effectively?

1. Personnel: What types of personnel are needed for the effective conduct of foreign affairs, and what organizational and procedural steps should be taken to improve foreign affairs personnel systems?
2. Budgets and Resource Management: What organizational and procedural steps should be taken to improve the budget processes related to foreign affairs, and to mesh policymaking and resource utilization more effectively?

OTHER STUDIES/PROBLEMS

Confidentiality and Security Classification: What organizational and procedural steps can be taken to limit classification of information relating to the conduct of foreign policy to the minimum clearly required by the needs of national security?

Public Opinion and Public Information: What are the responsibilities of the Executive Branch to inform the American people about the conduct of foreign affairs, and to assure -- other than through the Congress -- that actions taken are broadly consistent with the public sense of the nature of U.S. interests and the means legitimate to advance those interests; and what organizational steps are necessary to fulfill these responsibilities?

Intelligence: What organizational and procedural steps should be taken to improve intelligence support for the conduct of foreign affairs, and what level of effort is required to provide adequate support?

0. Covert Political Action: Should the U.S. have a capability for covert political action overseas and if so, under what safeguards and organizational responsibility?
1. Overseas Establishments: How can U.S. representatives abroad and to multilateral organizations be most effectively organized and controlled?
2. Cultural Affairs Programs: What should be done with respect to reanalysis of basic concepts, organizational modification, classification of jurisdictions and coordination mechanisms, and improvement of procedures to make cultural affairs programs more effective?
3. Foreign Information Programs: What should be done with respect to reanalysis of basic concepts, organizational modification, clarification of jurisdictions and coordination mechanisms, and improvement of procedures to make foreign information programs more effective?
4. Foreign Assistance Programs (Development and Security): What steps are necessary with respect to basic concepts, organization, jurisdictions, coordination mechanisms and procedures to make both developmental and security assistance programs more effective?

TAB